

## Message Text

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72

ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

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SIL-01 SCI-06 AEC-11 CCO-00 OTPE-00 FCC-03 OC-06

FPC-01 L-03 H-03 DRC-01 /165 W  
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R 290205Z AUG 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6422

INFO AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

C O N F I D E N T I A L MANILA 10350

PASS COMMERCE AND COMMERCE FOR MAJOR PROJECTS

PASS EXIMBANK

E.O. 11652: GDS

TAGS: EFIN, OVIP, ETRD, RP

SUBJECT: VISIT OF EXIM PRESIDENT CASEY TO PHILIPPINES

1. EXIM PRESIDENT WILLIAM J. CASEY CONCLUDED SUCCESSFUL TWO DAY VISIT TO PHILIPPINES ON AUGUST 27. HIGHLIGHTS OF VISIT INCLUDED DISCUSSION OF PHILIPPINE NUCLEAR POWER PROJECT, LUNCHEON HOSTED BY PRESIDENT MARCOS AND REVIEW OF EXIM OPERATIONS IN PHILIPPINES WITH FINANCE SECRETARY VIRATA.

2. DISCUSSION ON NUCLEAR POWER PROJECT PRECEDED BY BRIEFING ON FINANCING ALTERNATIVES BEING EXPLORED BY GOP FOR PROJECT. PHILIPPINE ANALYSIS INDICATES OVERALL FINANCIAL BASIS FOR PROJECT IS SOUND. PRINCIPAL PHILIPPINE CONCERN IS AVOIDANCE OF CASH FLOW DEFICIENCY  
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DURING FIRST THREE YEARS AFTER START-UP. PHILIPPINE

PREFERENCE IS FOR FINANCING SCHEME CONSISTENT WITH PROJECT'S ANTICIPATED EARNINGS FLOW. PRESIDENT CASEY TOLD GOP OFFICIALS HE UNDERSTOOD NATURE OF PROJECT FINANCING REQUIREMENTS AND NOTED THAT EXIM WOULD BE PREPARED TO CONSIDER TAKING DISPROPORTIONATE SHARE OF LATER MATURITIES. EMBASSY POUCHING TO EA/PHL, COMMERCE AND EXIM COPIES OF GOP BRIEFING MATERIALS.

3. AMONG TOPICS DISCUSSED BY PRESIDENT MARCOS WITH PRESIDENT CASEY WAS POSSIBILITY OF EXIM FINANCING OF TELECOMMUNICATIONS FACILITIES INTENDED FOR JOINT MILITARY AND CIVILIAN USE. CASEY INDICATED SUCH FINANCING MIGHT BE POSSIBLE BUT CIRCUMSTANCES WOULD HAVE TO BE EXPLORED TO DETERMINE WHETHER PROPOSED FINANCING WOULD BE CONSISTENT WITH CONGRESSIONAL CONCEPTS OF EXIM ROLE. PHILIPPINE DESIRE TO MODIFY TERMS FOR USE OF EXIM-FINANCED L-100-20 AIRCRAFT WAS ALSO MENTIONED DURING MEETING WITH PRESIDENT MARCOS, BUT CASEY SAID EXIM WAS RELUCTANT TO REOPEN THIS SUBJECT AT THIS TIME.

4. MAJOR PROJECT (\$650 MILLION) FOR MANUFACTURE OF ALUMINA IN MINDANAO WAS RAISED BY SECRETARY OF FINANCE VIRATA WITH PRESIDENT CASEY. VIRATA SAID GOP HAD BEEN APPROACHED BY A CONSORTIUM OF ALUMINUM COMPANIES TO PERMIT ESTABLISHMENT OF PROJECT IN MINDANAO OF FACILITY USING AUSTRALIAN ORE. ENTIRE OUTPUT WOULD BE EXPORTED. VIRATA SAID AUSTRALIAN, NORTH AMERICAN AND JAPANESE FIRMS WERE INCLUDED IN CONSORTIUM. COMPANIES NAMED INCLUDED REYNOLDS, NATIONAL STEEL AND ALCAN. VIRATA ALSO INDICATED GOP INTEREST IN OBTAINING FINANCING FOR CONSTRUCTION EQUIPMENT VALUED AT ESTIMATED \$30 MILLION FOR USE BY PROVINCIAL GOVERNMENTS. PRESIDENT CASEY ALSO WAS BRIEFED ON PROPOSED COPPER PROJECT ON NEGROS ISLAND BY OFFICIALS OF CDCP-MINING. DETAILS ON PROJECT WILL BE PROVIDED TO EXIM DIRECTLY.

5. IN REVIEW OF EXIM OPERATIONS WITH SECRETARY VIRATAN PRESIDENT CASEY NOTED DIFFICULTIES FROM TIME TO TIME WITH TERMS FOR EXIM-FINANCED PROJECTS. SECRETARY VIRATA REPLIED THAT GOP WAS UNDER SOME CONSTRAINTS REGARDING AMOUNT OF CONFIDENTIAL

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MEDIUM-TERM DEBT IT CAN ACCEPT UNDER STABILIZATION AGREEMENT WITH IMF. CASEY ALSO ASKED THAT GOP EXPLORE EASING OF CONDITIONS FOR CFF PROGRAM, PARTICULARLY REQUIREMENT FOR MARGIN DEPOSIT.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ALUMINUM, TELECOMMUNICATION, BANK LOANS, NUCLEAR POWER PLANTS, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** martinml  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Status:** NATIVE  
**Subject:** VISIT OF EXIM PRESIDENT CASEY TO PHILIPPINES  
**TAGS:** EFIN, OVIP, ETRD, RP, XMB, (CASEY, WILLIAM J)  
**To:** STATE  
**Type:** TE  
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